

SUBCOMMITTEE NO. 3

Agenda

Health, Human Services, Labor & Veteran's Affairs

Chair, Senator Alex Padilla



December 10, 2008

9:00 AM

Room 4203

(Diane Van Maren)

Senate Budget and Fiscal Review Subcommittee #3 (Health)
December 10, 2008

Program Reduction		Gov Proposal			LAO Options			November Alternative			Senate Republican Alternatives		
		2008-09	2009-10	Total	2008-09	2009-10	Total	2008-09	2009-10	Total	2008-09	2009-10	Total
Health and Developmental Services													
1	Medi-Cal Program--Rollback Age, Blind and Disabled Eligibility. This program provides no-cost, full-scope Medi-Cal to low-income people who are either over age 65 or are disabled. In 2001 the income level threshold was increased from 69 percent of poverty to 133 percent (it's presently at 127 percent). The Administration proposes to rollback this expansion to the SSI/SSP income level threshold of \$870 per month. This results in 73,000 people either being dropped from Medi-Cal or paying a share-of-cost in order to maintain coverage when currently they have no share-of-cost. The proposed income threshold would create a share-of-cost range from \$271 to \$497 for individuals above the \$870 per month income level (i.e., \$871 per month income = \$271 monthly share-of-cost to maintain Medi-Cal).	14.3	185.8	200.1						0.0			
2	Medi-Cal Program--1931 b Eligibility. Over 2.5 million children and working families receive healthcare under this eligibility category created in 1996 by federal Welfare Reform Law. Beginning February 2009, the Administration would rollback the allowable income level for "1931 b" applicants from 100 percent of poverty for eligibilty to 72 percent of poverty. They would also reinstate the "100-hour rule" without regard to income; therefore, any wage earner working <i>more</i> than 100 hours per month would <i>not</i> be eligible for Medi-Cal. Reinstating the 100-hour rule would eliminate both recipient and applicant parents in two-parent families from being eligible regardless of how low the family's income. The savings level assumes that (1) 26,000 people are dropped from Medi-Cal in 2008-09, (2) 182,000 people are dropped in 2009-2010, and (3) over 430,000 people are eliminated when fully implemented (within 33 months). The Legislature rejected this proposal during 2008-09 budget deliberations.	2.6	88.2	90.8						0.0			
3	Medi-Cal Program--Newly Qualified Immigrants and PRUCOL Eligibility. There are two aspects to this proposal. First, it would limit Medi-Cal services for "newly qualified immigrants" (about 73,400 people) who have been in the country for less than five years to "resticted-scope" services (mainly emergency services and pregnancy-related) versus full-scope services as presently provided. Second, it would implement "restricted-scope" services for individuals "permanently residing under the color of law (PRUCOL) immigrants and "Amensty Alien" immigrants who are not defined as eligible "Qualified Aliens" any more under federal law. Further, these PRUCOL individuals (about 17,200 people) would be limited to the month or months during which emergency services are received, unless the individual is receiving pregnancy-related services. California has always provided legal immigrants, including PRUCOLs, with full-scope Medi-Cal services if they otherwise meet all other eligibility requirements. Due to federal law changes enacted in 1996, federal matching funds are not provided for non-emergency Medi-Cal services for immigrants in the U.S. for less than five years. A total of 90,600 people are presently eligible in California and about \$125 million (General Fund) is expended for full-scope services. The Legislature rejected this proposal during 2008-09 budget deliberations.	14.2	211.1	225.3						0.0			

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4	Medi-Cal Program--Modified PRUCOL Eligibility. The LAO proposes to adopt the Administration's proposal to limit PRUCOL immigrants to "restricted-scope" services in lieu of providing "full-scope" services. The LAO contends that immigrants with PRUCOL status are not any different at the federal level than the status of undocumented immigrants. <i>However</i> , the LAO does not concur with the Administration's proposal to limit PRUCOL individuals to the month-to-month service arrangement. This is because all emergency services delivered by Medi-Cal providers must be self-certified by the provider that an emergency exists, and all services that require prior authorization are subject to denial by the Department of Health Care Services. As such, it is unclear how the month-to-month arrangement would operate or would result in savings. This option was rejected by the Legislature during 2008-09 budget deliberations.				5.9	71.3	77.2			0.0			
5	Medi-Cal Program--Eliminate Certain Optional Benefits. This proposal would eliminate certain health care services for adults 21 years of age or older, including individuals with developmental disabilities, from Medi-Cal effective within 90-days of passage. Most Adult Dental services would be eliminated, as well as Optometry services, Optician and Optical Laboratory services, Audiology services, Speech Therapy, Acupuncture services, Podiatry services, Chiropractor services, Psychology services, and Incontinence Creams and Washes. All of these services are provided at the state's option and are not federally required, but are federally reimbursed. The Legislature has rejected this proposal on several occasions.	19.7	129.4	149.1						0.0			
6	Medi-Cal Program--Eliminate Certain Adult Dental Procedures. In lieu of eliminating most Adult Dental services, the LAO proposes to eliminate certain dental procedures, including stainless steel crowns, root planning, root canals, gingivectomy, cast posts and implants. Elimination of these procedures would likely result in increased tooth extractions and demands for other services, including some emergency room treatment. The LAO contends that fiscal adjustments were made for these purposes. However no adjustment was made to account for increased costs for individuals with developmental services who would need these services. This was rejected during 2008-09 budget deliberations.				3.4	20.0	23.4			0.0			
7	Medi-Cal Program--Redirect Funds from Hospitals (Safety Net Care Pool). The Administration proposes to redirect certain federal funds from Public Hospitals, as designated under the State's Hospital Financing Waiver, to backfill for General Fund support in specified health programs. Presently Public Hospitals draw down these federal funds by using "certified public expenditures" generated by their costs (outpatient and inpatient). The Administration's proposal is contrary to the agreement made through the Waiver with both the federal government and these hospitals. This proposal was rejected by the Legislature during 2008-09 budget deliberations.	0.0	54.2	54.2						0.0			

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8	Medi-Cal Program--Eliminate Over-the-Counter Drugs. The LAO proposes to eliminate reimbursement for specific over-the-counter drugs, including: analgesics (pain relief); prenatal vitamins; antihistamines; gastrointestinal; cough/cold preparations; smoking deterrents; and sedatives. Currently, a Medi-Cal enrollee must have a physician's prescription in order to receive reimbursement for these drugs. The LAO savings level assumes that two-thirds of the cost for the eliminated drugs will be borne by the individual (or go without), and one-third of the cost will still be paid by Medi-Cal because physicians will switch to a prescription drug (versus over-the-counter drug) for which Medi-Cal would reimburse.				2.9	15.0	17.9			0.0			
9	Medi-Cal Program--Reduce Rates Paid for Family Planning Services. The LAO proposes to retract one-half of the January 2008 rate increase for family planning services. The state raised these rates through policy legislation (SB 94, Statutes of 2007). It should be noted that the state receives a 90 percent federal match for most family planning services. The Legislature has previously rejected rate reductions for these services due to the cost-benefit to the state for these services, and the enhanced federal funding amount.				1.7	21.6	23.3			0.0			
10	Medi-Cal Program--Delay implementation of SB 437, Statutes of 2006. This law provides for the pilot testing of self-certification of income and assets of Medi-Cal applicants to streamline enrollment. The Legislature delayed implementation of this pilot program for one-year in the Budget Act of 2008. The LAO option would delay implementation of this new program for an additional year (2009-2010).				0.0	13.0	13.0			0.0			
11	Medi-Cal Program--Minor Consent. This program provides access to certain confidential Medi-Cal services, such as family planning, for which minors are authorized to provide their own consent. The program is funded using 100 percent General Fund support. The LAO proposes to require participants in the program to complete federal Deficit Reduction Act (DRA) requirements regarding documentation and identification in order to obtain federal matching funds. Existing state law, as proposed by the Governor and adopted by the Legislature, exempts the Minor Consent Program from federal DRA requirements since these requirements are particularly burdensome for minors and would be a barrier to services.				1.5	18.9	20.4			0.0			
12	Medi-Cal Program--Suspend County Eligibility Processing COLA. The Budget Act of 2008 reduced funding provided to counties for Medi-Cal Program eligibility processing by 7% or \$106.8 million (\$53.4 million General Fund). This reduction included elimination of the cost-of-doing-business adjustment for 2008-09. The LAO proposes to suspend the cost-of-doing-business adjustment for one more year (2009-2010).				0.0	24.6	24.6			0.0			

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13	Medi-Cal Program--Implement Public Assistance Reporting Information System (PARIS) Interstate Match. The LAO proposes for the Administration to fully implement an interstate match to identify and disenroll beneficiaries in Medi-Cal, Food Stamps and other programs, who have left California. The Administration is presently proceeding with a pilot project to identify veterans enrolled in Medi-Cal who could receive their medical care through the Veterans Administration. The Administration has previously noted to the Legislature that information technology changes are needed for full PARIS implementation to occur.				0.0	7.0	7.0			0.0			
14	Medi-Cal Program--Nursing Home Quality Assurance Fees. The LAO proposes to expand the existing "quality assurance fee" for Nursing Homes participating in Medi-Cal to include Medicare beds and revenue in the calculation. Generally, this would mean that nursing homes would pay more in fees and the state would use this amount to offset General Fund support in the Medi-Cal Program.				0.0	26.0	26.0			0.0			
15	Medi-Cal Program--Require Co-Pay for Non-Emergency Services. Under this proposal, an individual would be required to pay a \$50 co-pay for obtaining non-emergency services in an emergency room setting.										11.0	22.0	33.0
16	Medi-Cal Program--Eliminate "Non-Emergency" Services for Undocumented Individuals. Under this proposal undocumented individuals would not be eligible to receive health care services under the Pre-Natal Care Program, Breast and Cervical Cancer Program, or Long-Term Care (nursing home) Program.										11.0	96.0	107.0
17	Developmental Services--Reduce Regional Center Purchase of Services Funding by 3 Percent. Under this proposal a 3 percent reduction would be made to the payments of Regional Center service providers. Certain payments would be exempt from this reduction including supported employment, independent living, rent and lease payments used to offset any reductions in SSI/SSP benefits for consumers living out-of-home, and usual and customary rates for services (such as bus fares). It should be noted that the November Alternative did not reduce SSI/SSP payments as proposed by the Governor; therefore, it does not reflect increased General Fund support for backfilling this payment for consumers in the Regional Center system.	20.0	48.0	68.0				24.1	60.2	84.3			
18	Developmental Services--Reduce Regional Center Operations by 3 Percent. The Administration proposes to reduce Regional Center Operations by 3 percent across-the-board (i.e., unallocated). As such, the Administration proposes trailer bill language to suspend certain existing requirements on Regional Centers for two-years (until June 30, 2010). The requirements to be suspended include: (1) the average service coordinator-to-consumer ratio for certain consumers currently established at 1 to 66 (Section 4640.6(c)(3)(C); and (2) various reporting requirements regarding administrative services and expenditures by the Regional Centers (including Section 4639.5(a) and (b)).	4.6	12.2	16.8				4.6	12.2	16.8			

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19	Developmental Services--Expand Family Cost Participation Program. This option would expand the Family Cost Participation Program to require family payments for <i>all</i> Regional Center services, not just respite services, camping and day care as presently done. The Family Cost Participation Program includes families at 400 percent of poverty (\$70,400 annually) and above and uses a sliding cost participation scale (i.e., 10 percent of cost at 400% of poverty, 20 percent of cost at 700% and so forth).				0.0	10.0	10.0			0.0			
20	Developmental Services--Define Cost Effectiveness. Under this proposal existing state law (the Lanterman Act) would be amended to define "cost-effectiveness" for services and supports which individuals with developmental disabilities receive.											29.0	29.0
21	Developmental Services--Review Residency Requirements. Under this proposal all residency requirements would be reviewed regarding out-of-state and undocumented individuals.											NA	NA
22	Healthy Families Program (HFP)--Freeze Funding at 2008-09 Amount. This option would freeze funding for the HFP at the existing Budget Act of 2008 level for 2009-2010 and establish a waiting list for new applicants. The LAO states that this approach would realize savings while keeping the program intact, and allow flexibility to adjust to any new federal rules. (The federal State Children's Health Insurance Program, under which the HFP operates, is to be reauthorized by March 2009.) It should be noted that the HFP is presently projecting a shortfall of over \$17 million (General Fund) in the current-year and MRMIB has noted that from 100,000 to 160,000 children could be placed on a waiting list in 2008-09 alone.				0.0	28.4	28.4			0.0			
23	Proposition 10--Redirect CA Children and Families Commission Funds to Children's Programs. As contained in the Proposition, presently the state commission receives 20 percent of revenues from the excise tax on cigarettes and county commissions receive the remaining 80 percent. This LAO option would eliminate the state commission entirely and reduce local funding by 50 percent. These funds would be redirect to children's health or childcare programs to backfill for General Fund support. The LAO states that this would target resources to high-priority state programs while allowing some local priorities to be supported. This option requires voter approval.				0.0	317.0	317.0			0.0			
24	Proposition 10--Redirect All Funds. Under this proposal <i>all</i> of the CA Children and Families Commission funds, including local assistance, would be redirected to backfill for General Fund support in state programs.											600.0	600.0
25	All Health and Human Services Programs--Review Share of Cost. Under this proposal, the share-of-cost that individuals pay to participate in the various health and human services programs, such as Medi-Cal, Developmental Disabilities and others, would be reviewed.											NA	NA